

February, 2013 Monthly Report for MTC

To: Steve Heminger, Executive Director, MTC

From: Tom Bulger, President, GRI

Re: Monthly Report for February, 2013

Date: February 27, 2013

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- **U.S. DOT Secretary Ray LaHood to Step Down**
- **House T&I Chairman Bill Shuster Holds First Committee Hearing**
- **President Proposes \$50 Billion Stimulus Spending**
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Sequester Looms

The White House detailed how the March 1, 2013 sequester would affect programs throughout the country. The House and Senate are expected to introduce legislation to avert across the board spending cuts, but neither side expects these measures to pass. What is expected is continued blame calling up to late March when the current Continuing Resolution must be acted on. Neither the House nor Senate is scheduled to be in session on Friday, March 1.

The White House seems bent on raising alarms, since the public (except in Washington, D.C.) has not paid much attention to the affects of the sequestration spending cuts. The sequester would cut \$1.2 trillion over 10 years and orders the Administration to make across the board cuts to federal agency programs. Programs like the Highway and Transit Trust Funds, and mandatory programs like Medicaid, Social Security and food stamps are spared. The sequester was part of the deal to raise the national debt ceiling for the last fiscal cliff. If the sequester remains in place past March 27, it will stay in place for the rest of the federal fiscal year.

U.S. DOT Secretary Ray LaHood to Step Down

The President has not announced a replacement for U.S. DOT Secretary Ray LaHood, in part because the rough Senate confirmation process for former Senator Chuck Hagel for Defense Secretary.

House T&I Committee Chairman Bill Shuster Holds First Committee Hearing

On February 13, House Transportation & Infrastructure (T&I) Committee Chair Bill Shuster (R-Pa.) held the first Committee hearing on the federal role in America's infrastructure. The chairman's objective is to try to convince Republican members to exempt transportation from their goals to scale back spending.

Former Governor of Pennsylvania and Co-chair of Building America's Future Ed Rendell; U.S. Chamber of Commerce President Tom Donahue; and General President of the Laborer's International Union of North America Terry O'Sullivan testified at the hearing.

The key take recommendations from this hearing were:

- Educate the American public regarding infrastructure, highlighting the fact that it is not a free good that lasts forever;
- Increase MAP-21 funding dramatically;
- Institute a "use it or lose it" policy to federal funds;
- Create an Infrastructure Bank;
- Lift the ban on tolling the interstates;
- Continue to have a TIGER program for megaprojects in state and metro areas;
- Increase the federal gas tax;
- Reestablish the Build America Bond program; and
- Increase public/private funding partnerships.

The hearing also highlighted the loss of the nation's global competitive edge because of under investment. In summation, all of the esteemed and well versed speakers said that the country needs an infrastructure "Marshall Plan." Chair Shuster announced that he appointed Committee Vice Chair Jimmy Duncan (R-Tenn.) to conduct an investigation on intermodal and freight transportation for consideration by the full T&I Committee.

President Proposes \$50 Billion Stimulus Spending for DOT

In February, the President once again dusted off his annual DOT spending proposal with \$40 billion in transportation infrastructure investment for highways, bridges, transit systems and airports, and an additional \$10 billion for High-Speed Rail, FAA Next Gen and for another round of TIGER. The proposal is expected to be included in the President's now delayed FY 2014 Budget. The \$50 billion request would be in the form of "mandatory spending," which carries with it a \$50 billion pay-for requirement that would pass the House.

In addition, President Obama is calling for the implementation of the six-fold increase in the TIFIA program that is already underway through MAP-21, reviving the Build America Bond program that existed in 2009 and 2010, and creating a National Infrastructure Bank.

Rep. Peter DeFazio Proposes Federal Gas Tax Increase

On February 20, Rep. Peter DeFazio (D-Ore.) proposed a slow and steady increase in the federal gas tax with a 20 year bond issue to cover near term spending increases. The proposal would tie the gas tax to the consumer price index, which would generate \$50 billion over 10 years. Pegging the proposal to the DOT National Highway Cost Construction Index would generate \$150 billion over 10 years. Another idea is to impose a \$1 per barrel of oil fee, which would raise \$24 billion over six years; or a \$5 per barrel fee, which would raise \$120 billion. Rep. DeFazio's proposal is fresh air because Chair Shuster has said that he is not ruling anything in or out.

March 2013 MTC Meetings Underway

The Commission's annual trip to Washington, D.C. is scheduled for March 10 to 13. Meetings are being scheduled for Monday, March 11 through 3 p.m. Wednesday, March 13.

Annual California Transportation Reception

After weeks of nervous anticipation, the House Transportation and Infrastructure Committee room has been secured for the March 11 reception. We have invited the new chair of the committee, Rep. Shuster for a toast as our special guest. Also, we invited the 13 new California freshmen members and we will salute Mr. John Lawrence for his 38 years of service, most recently as Rep. Nancy Pelosi's Chief of Staff.

Please note that we moved the reception start time to 5:30 p.m. this year.

Meetings

- Rep. Earl Blumenauer (D-Ore.) concerning ITS issues;
- Kevin McCarty, U.S. Conference of Mayors, on transit representation on MPO boards;
- Steve Palmer on VTA's Phase II funding for BART to San Jose;
- Greg Winfree and Ken Leonard of RITA, U.S. DOT, respectively; and
- Numerous conference calls with sponsors regarding the Annual California Transportation Reception.

Comings and Goings

Chris Bertram is the new Chief of Staff for the House T&I Committee. He was formerly assistant secretary for budget and management at the U.S. DOT. John Horsley and Jack Basso have retired from AASHTO. Bud Wright is the new head of AASHTO.